

CABINET – 20 JULY 2010

POLICY FOR THE OPERATION OF PERSONAL BUDGETS FOR ADULT SOCIAL CARE

Report by Director for Social & Community Services

Introduction

1. This report summarises the impact and implications of the proposed new policy for the operation of personal budgets for adult social care. The policy itself is attached as Annex 1.

Personal Budgets

2. As part of the transformation of adult social care personal budgets will be made available to all new eligible recipients of adult social care from October 2010. Eligibility is determined by using the Fair Access to Care Services guidance published by the Government. Existing eligible recipients of adult social care are being transferred over to have a personal budget. The intention is that at least 30% of all eligible people will have a personal budget by April 2011.

Resource Allocation System

3. At present we provide a number of specific services, which people can receive if they meet the eligibility criteria. Self directed support changes this, and instead gives each eligible individual a “personal budget” which they can decide how to use to meet their needs. The Resource Allocation System (RAS) is the formula (based on levels of need) which calculates how much that personal budget should be. We are working in partnership with an organisation called FACE and other Local Authorities to develop and implement a sustainable RAS.
4. The following basic principles have been adopted to develop the RAS in Oxfordshire:-
 - There is a relationship between needs and costs, although it is often a complex one.
 - The current pattern of service provision is generally appropriate and therefore the amounts allocated by the RAS should in most cases be similar to the cost of the services the person currently receives
 - Given the current budgetary position and future efficiency savings that are likely to be required, the costs of many services will need to be reduced. It will not therefore be acceptable to produce a RAS that simply reflects current costs. It should be based on the desired future position.

5. The formula uses the information contained in the Assessment and calculates the budget based on some or all of the following factors:-
 - Physical health, disabilities and well-being
 - Need for support in managing personal care and day to day activities
 - Mobility
 - Relationships with family, friends
 - Involvement with work, education or learning
 - Involvement in the community
 - Risk/safety
 - The support received from family, friends, other local people or services.
 - The environment people are living in.

6. The actual RAS is calculated using a sample of several hundred assessments. The cost of services used however will be the cost following the various efficiency savings already planned rather than the actual current cost e.g. Home Support currently costs us in the region of £23.50 per hour. However the RAS will use a rate of £15 per hour.

7. The Department of Health guidance clearly states that any budget calculated by a RAS is indicative. If someone can demonstrate that they cannot meet their eligible needs with that amount, it will need to be increased to rectify this. Therefore whilst we are attempting to implement a RAS which is as “accurate” as possible and which is changed on as few occasions as possible, some budgets inevitably will change. The actual personal budget amount is only confirmed once the support plan has been agreed.

8. Once a personal budget has been agreed, it will be subject to change under the following circumstances.
 - An annual uplift for inflation (at a level agreed at the time and in line with other council budgets if applicable)
 - In response to a real change in “need” or circumstances where this has been identified at review. Needs can reduce as well as increase.
 - As the result of a change in the overall level of entitlement (agreed as part of council policy). This would take the form of a change to the formula or the eligibility criteria. This can only be implemented on review/re-assessment if applicable.

In some circumstances the changes could be implemented immediately. In other cases a transitional period may be required.

9. The formula and Policy will be reviewed and amended at least annually. The review will take into account:
 - Cases where the amount allocated was not appropriate
 - Areas where there is other evidence that the formula could be improved (e.g. large numbers of individuals having a surplus on their personal budget)
 - Changes in prices (annual uplift for inflation – if applicable)
 - Policy changes to allocate more (or less) money to particular groups (or in total)

10. The social care budgets that will be included in the RAS are those that support people with long term care needs. The budgets that will not be included in the RAS are those budgets that support universal services and prevention services. These are listed in annex 4 of the policy.

Impacts and Implications

11. For existing users supported at home

- The existing services would continue until they are reviewed/reassessed.
- When they are reviewed/reassessed an indicative budget will be calculated
- They will have the option of being referred to a broker and “redesigning” their services
- If the cost of their current service is significantly different to the indicative budget, then there may be a case for reducing (or increasing) the level of service to match the indicative budget, either immediately or over a period of time. However this may not always be possible and it would not be legal to universally enforce this without considering each case individually.

12. For Existing users supported in residential or nursing care

- There is likely to be little or no effect for the majority of service users
- Transferring people to a personal budget would be largely a paper exercise, as the personal budget the person was actually offered would need to be equal to the amount we had agreed to pay the care home. The indicative budget could potentially be used in negotiating a reduction in price from the provider.

13. For New users supported at home

- An indicative budget would be calculated on assessment, and this would be the starting point for determining the amount of support they would receive
- Depending on the unit costs used in determining the RAS and the actual cost of services this may be less than current users receive. This would reflect the fact that new service users are able to purchase appropriate support at a lower cost.

14. For New users supported in residential or nursing care

- Where residential or nursing care is an appropriate option, people will receive an indicative budget equal to the relevant banding rate.
- Where a suitable placement can only be obtained for a higher price, their actual personal budget will need to be increased to reflect this.

15. For Carers

Services to carers (including Direct Payments) will continue as they are except the costs of respite care which will be included in personal budgets.

16. **Charging/Financial contribution** – it is recommended that:
- Many service users have to pay towards the costs of social care. However, there are different charging arrangements laid down nationally. Domiciliary care (care not in a residential or nursing home) is governed by Fairer Charging regulations. Care in a residential or nursing home is governed by the Charging for Residential Accommodation Guidance (CRAG).
 - Eligible people will be initially assessed under Fairer Charging unless it is very clear that the service chosen will be residential or nursing care and in this case they will be assessed under CRAG.
 - Financial assessments for Fairer Charging will be carried out within 4 weeks for all services and charges will begin four weeks after people start receiving services. After this they will be obliged to make their assessed contribution, either to their personal budget if it is in place by then, or towards the cost of any temporary services they are receiving prior to their support plan being agreed and implemented.
 - Financial assessments under CRAG will be carried out as soon as possible and charging will start immediately (and not the 4 weeks free as with Fairer Charging Assessments)
 - Individuals are charged the full cost of their personal budget. Direct payments are paid gross and all assessed contributions will be collected through the Fairer Charging system.
17. **Subsidised services**
Some services (such as laundry, meals, shopping services) are provided to a range of people, some of whom may not be eligible for personal budgets. They are currently chargeable, but the full cost of the service is not fully charged. It is recommended that these services will be available to anyone regardless of whether they have a personal budget and will be charged at full cost. Charging for these services will not be carried out through the fairer charging system. Where these services are provided to people with a personal budget the cost will be charged to the personal budget (and not treated as a separate service).
18. **Locality / Rurality Weightings**
Oxfordshire is a rural county and there is evidence to suggest that there may be some variation in the cost of some kinds of support in different areas as a result of this. However there is not at present enough evidence to accurately quantify these variations. Therefore initially there will be no locality/rurality weightings, although this will be kept under review.
19. **Transport**
Oxfordshire is a rural county and there is evidence to suggest that there may be some variation in the cost of some kinds of services as a result of where people live. It is unlikely that this could ever be accurately reflected in any needs based formula. There is also a degree of inconsistency/uncertainty over the degree to which the receipt of mobility allowance should be taken into account. Therefore whilst personal budgets will generally be expected to cover “normal/reasonable” transport costs, it is recognised that the cost of transport is likely to be the single biggest cause of variations between the

indicative budget and the actual budget allocated. In addition to this, it is planned to subject the whole issue of eligibility for transport to a separate review.

20. Levels of Funding

The Levels of funding of personal budgets are dependent on 3 factors – activity levels, levels of need and average unit prices of main services.

The costs that are being recommended to be added to the FACE formula from October 2010 are:

- Home Support £15 per hour
- Residential Care – at 2010/2011 agreed levels
- Day Services for Older People only £20 per session
- Learning Disability Services 5% reduction across all services
- For Mental Health services these prices have yet to be confirmed but it is suggested that these levels are used in the interim period.

21. There are two important financial implications here for both the County Council and service users. The target figure for a day care session reflects the approach towards day services for older people that was discussed at Adult Services Scrutiny Committee on 8th June 2010. This is the target charge that would be paid by someone from their personal budget for a session at one of the Resource and Well Being Centres.

22. The target hourly rate for home care is a new development. Currently, the hourly rate paid for home care is significantly more than £15 an hour whether the service is provided internally or externally. A survey conducted by the Association of Directors of Adult Social Services (ADASS) earlier this year identified that the average cost of home care was approximately £15 an hour. Many authorities are purchasing home care for less than £15 an hour including some other authorities in southern England. The Department of Health have previously given advice that the cost of home care should be about £15 an hour. Given the financial constraints facing the County Council and the existing need to find further savings to balance the service and resource plan agreed by the County Council in February, officers believe that we must include a target figure in line with best practice. A procurement process is underway to ensure that externally provided home care is available at that price. Work is also underway to review the costs of the internal home support service so that they are best placed to provide services that will be attractive to service users who have a personal budget.

23. Risks and Mitigations

Risks	What adverse outcome would happen as a result	Probability	What we will try to do prevent it
The formula is generally inaccurate	Some people will get too much, others not enough. The cases where the allocation is too	Very unlikely	Thorough testing and review (and amendment where necessary) before and after implementation

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	low are more likely to be picked up.		
The overall amount of money allocated is generally too high	Increased cost	Unlikely	Using "target" rather than actual costs
The overall amount of money allocated is generally too low	Increased number of appeals. Creation of a culture where appealing is the norm. Slowdown in	Possible	Keep number of appeals under review. Change formula if necessary.
The formula is generally accurate except for groups of people with particular types of need	These people receive inaccurate indicative budgets, with the associated additional cost (Too Low = staff time, To high = cash)	Probable	Keep the formula under review. Ensure that such areas are identified and corrected.
The formula itself is accurate but there are errors in scoring leading to incorrect indicative budgets	These people receive inaccurate indicative budgets, with the associated additional cost (Too Low = staff time, To high = cash)	Inevitable Can attempt to minimise but not eliminate	Thorough training of assessors and supervisors Reporting and analysis to identify potential problem areas
There is inconsistency between different assessors	Some people will receive higher budgets than necessary with the associated additional cost	Possible Can attempt to minimise but not eliminate	Thorough training of assessors and supervisors Reporting and analysis to identify potential problem areas
Some individuals' needs are systematically "over assessed"	Some people will receive higher budgets than necessary with the associated additional cost	Possible Can attempt to minimise but not eliminate	Thorough training of assessors and supervisors Reporting and analysis to identify potential problem areas.
The RAS is overly complicated	Self Assessment cannot easily be implemented. It is difficult to understand for members of the public. Management of the RAS adds to bureaucracy and workload.	Possible	Current processes for managing care packages are far from simple. Some degree of bureaucracy is inevitable but it should be possible to reduce from current levels. Develop simplified presentation format.

Financial and Staff Implications

24. How will budgets be managed using the RAS

The main issue faced when attempting to manage Social Care budgets has always been, that whilst budgets are fixed the demand for services is not. If people are eligible to receive support the council is legally obliged to provide it. The introduction of a RAS will not change this.

At present the main ways available to local authorities of attempting to control expenditure are:-

- Preventive services designed to reduce the number of new people requiring the service.
- Rehabilitative Services – working with people to increase their independence, hence reducing the amount of service they will need in future.
- Change the overall levels of entitlement to services.
- Reduce the cost of existing service provision.
- Directing people towards more “cost effective” forms of service provision e.g. supporting people at home rather than in residential care.
- Reviewing (with a view to reducing) the level of service received by individuals to ensure that it is appropriate to their level of need.

All of these measures will still be used following the introduction of a RAS.

- **Preventive services**

These would be unaffected. After a number of years operation, the information used to calculate the RAS could also be used to help gauge the effectiveness of particular services – (by showing whether the number of people in the groups targeted who required a service had increased or decreased).

- **Rehabilitative services**

Again these would be unaffected. A change in need is recognised as a legitimate reason for a change in personal budget. The RAS would also be useful in predicting the likely financial benefits of any such services.

- **Changes to overall levels of entitlement**

This could be done via a change to the formula. There is a certain loss of flexibility in that the formula could usually only be changed annually. However, this is balanced by the fact that any changes could be applied more consistently.

The introduction of the RAS would also allow far greater visibility of the level at which particular needs were actually funded, and would allow these amounts to be changed.

It would also be possible to target any changes more effectively. It would be possible to make a “general” reduction in the amount of money allocated, but to reduce the effect on particular groups (e.g. those with a high level of risk and little or no informal support, those with a high level of need but small budgets due to the level of support provided by informal carers etc.).

- **Reduce the cost of existing service provision**

Clearly where the council is still purchasing services, this will still be possible. Where the service is generic in nature but purchased from a

number of different suppliers, at different prices e.g. home support, this would be managed by charging an average price.

- **Directing people towards more “cost effective” forms of service provision**

This is more a function of support brokerage rather than the resource allocation system. However because different budgets are allocated for different care arrangements, the actual financial benefits achieved could be far more easily quantified.

25. There are no staffing implications directly arising from approving the Resource Allocation System policy. There are staffing implications arising from Transforming Adult Social Care. These were identified in the service and resource plan approved by the County Council in February 2010. Consultation is currently underway with employees on how those savings will be achieved.

RECOMMENDATION

26. **The Cabinet is RECOMMENDED to:**

- (a) **note the report;**
- (b) **recommend to Council to approve the introduction of the Policy for the operation of personal budgets in Oxfordshire from October 2010; and**
- (c) **agree that a further report be brought to a future Cabinet meeting to approve any changes to the Policy for the financial year 2011/12.**

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Background papers: Nil

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